

Exhibit 14

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1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF CALIFORNIA
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4 PHILIP WONG, FREDERIC CHAUSSY,

5 And LESLIE MARIE SHEARN,

6 Individually, on behalf of all

7 Others similarly situated, and

8 On behalf of the general public,

9 Plaintiffs,

10 vs. NO. 3:07-CV-2446 MMC

11 HSBC MORTGAGE CORPORATION (USA)

12 HSBC BANK, USA, N.A.; and

13 DOES 1 through 50, inclusive,

14 Defendants.

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17 DEPOSITION OF PHILIP WONG

18 SAN FRANCISCO, CALIFORNIA

19 NOVEMBER 29, 2007

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22 Reported by Yvonne Fennelly, CSR No. 5495

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1 Appearances:

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3 For Plaintiffs:

4 NICHOLS, KASTER & ANDERSON, LLP

5 By: BRYAN J. SCHWARTZ, Attorney at Law

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13 For Defendants:

14 LITTLER MENDELSON

15 By: GEORGE J. TICHY, II, Attorney at Law

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23 Also Present: WILLIAM HANSON, Videographer

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1 Q. So if an individual who is seeking a loan
2 submits an application fee, that application fee would
3 be considered part of the income for which a commission
4 would be paid if the loan goes through; is that right?

5 A. Can you rephrase the question, please.

6 Q. Well, why don't you explain it to me.

7 A. If there was a client seeking a loan and the
8 loan file was declined due to our underwriting
9 guidelines, then that application fee is withdrawn from
10 our paycheck.

11 Q. Does the application fee get added to your
12 paycheck in some way if the loan goes through?

13 A. No.

14 Q. Let me see if I understand this: How much is
15 an application fee?

16 A. \$325.

17 Q. Okay.

18 So if an application is submitted, the
19 individual pays \$325; and if the loan is not approved,
20 your compensation is reduced by \$325; is that what
21 you're saying?

22 A. No.

23 Q. Well, then will you clarify that for me,
24 please.

25 A. If an applicant submits an application, it goes

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1 through our normal underwriting process guidelines. If
2 those guidelines do not match the qualification, and the
3 \$325 fee would normally get collected at the end of the
4 application, which is closed at title and escrow.

5 Q. Yes.

6 A. However, if that file gets declined, that \$325
7 is removed from our payroll.

8 Q. So it's not a situation where you actually have
9 received the money and then it's taken back from you
10 later. It's money which is set aside to be part of the
11 compensation arrangement; is that right?

12 A. Can you be more specific about that question?

13 Q. Well, I'm not understanding what you're telling
14 me, and I want you to be as clear as you possibly can
15 be, because when the court and the jury have an
16 opportunity to hear what you have to say, it's going to
17 be important that they understand it as well.

18 A. Okay.

19 Q. So do you get any portion of the application
20 fee as compensation if the loan goes through?

21 A. No.

22 Q. No.

23 Now, you've said that the application fee is
24 deducted from the compensation, your compensation?

25 A. From my payroll.

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1 Q. From your payroll?

2 A. Yes.

3 Q. When you say "your payroll," you mean from
4 monies that otherwise would be paid to you?

5 A. Yes.

6 Q. Okay.

7 Now, again, let me be very specific.

8 So are you saying to me that whatever amount of
9 money you would otherwise be paid, that if a loan
10 doesn't go through, that there is a deduction from your
11 future compensation equal to the amount of the
12 application fee which the mortgage company received from
13 the loan?

14 A. On our normal payroll, that comes out. If the
15 application fee -- if the loan gets declined, the
16 application fee gets removed from our payroll, which
17 normally if we do not fund the loan, or the loan does
18 not go through, our payroll itself gets deducted.

19 Q. Is the application fee at any point under any
20 circumstance part of your payroll?

21 A. Are you talking about my commission payroll or
22 my base payroll or my --

23 Q. Any payroll of yours.

24 A. It has been removed from my payroll before.

25 Q. Again, I'm not understanding you.

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1 How can you remove something which has never
2 been part of it?

3 So my question to you is: Is it ever part of
4 your payroll?

5 A. To what I'm looking at through payroll, it's
6 being deducted from my payroll.

7 Q. Okay.

8 I don't want this deposition to go on forever,
9 but --

10 MR. SCHWARTZ: I believe, Counsel, he's
11 answered the question very clearly. I understand what
12 he's saying.

13 MR. TICHY: I'm glad you do.

14 MR. SCHWARTZ: Try to ask the question a
15 different way, I guess.

16 BY MR. TICHY:

17 Q. Let me ask it somewhat differently, then.

18 During the first year of your employment with
19 the mortgage company, how did your commission
20 arrangement with the mortgage company work?

21 A. During my first year?

22 Q. Yes.

23 A. It was very vague.

24 Q. Well, why don't you try to describe it for us.

25 A. So we were paid a base salary.

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1 REPORTER'S CERTIFICATION

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3 You, Yvonne Fennelly, Certified Shorthand

4 Reporter, in and for the State of California, do hereby

5 certify:

6

7 That the foregoing witness was by me duly

8 sworn; that the deposition was then taken before me at

9 the time and place herein set forth; that the testimony

10 and proceedings were reported stenographically by me and

11 later transcribed into typewriting under my direction;

12 that the foregoing is a true record of the testimony and

13 proceedings taken at that time.

14

15 IN WITNESS WHEREOF, you have subscribed my name

16 this _____ day of _____, 2007.

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22 _____
Yvonne Fennelly, CRP, CSR No. 5495

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